

Message Text

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FM AMCONSUL MADRAS

TO USDOC WASHDC

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AMEMBASSY NEW DELHI

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

UNCLAS MADRAS 1340

E.O. 11652: N/A

TAGS: BEXP, IN

SUBJECT: APIDC SEEKS KNOW-HOW FOR SPONGE IRON PLANT

PLS PASS PROJECT OFFICER JOHN VOTTA, BIC/OED.

REF: MADRAS A-19 OF JULY 18, 1974, MADRAS 1021, MADRAS 1031,
STATE 200474

1. BEFORE MAKING THE FINAL DECISION ON THEIR SPONGE IRON PLANT ANDHRA PRADESH OFFICIALS ARE PLANNING TO VISIT EXAMPLES OF DIFFERENT TYPES OF SPONGE IRON PROCESSES IN JAPAN, EUROPE, LATIN AMERICA AND THE UNITED STATES. THE DATE ON WHICH THEIR TRIP WILL BEGIN HAS NOT YET BEEN FIXED, BUT IS LIKELY TO BE THE END OF OCTOEBR. THEY EXPECT TO REACH THE U.S. BY THE END OF NOVEMBER.

2. OFFICIALS OF THE APIDC HAVE ASKED FOR OUR ASSISTANCE IN OBTAINING PERMISSION TO VISIT SEVERAL PLANTS USING U.S. DEVELOPED NATURAL GAS PROCESSES. THE FIRST IS U.S. STEEL'S ORINOCO MINING COMPANY IN CUIDAD GUIANA, VENEZUELA, WHICH OPERATES ON WHAT IS CALLED THE HIB PROCESS. U.S. STEEL RESPONDED TO EARLIER INQUIRIES FROM THE APIDC BY SAYING THAT VISITORS WERE NOT YET BEING ALLOWED TO THIS PLANT. THE APIDC
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REQUESTED OUR HELP IN FINDING OUT IF VISITORS WILL BE

PERMITTED BY THE TIME THEY HOPE TO ARRIVE IN
NOVEMBER.

3. THE SECOND REQUEST INVOLVES THE MIDREX PROCESS
DEVELOPED BY THE MIDREX CORPORATION, 1 NCMB PLAZWZX
CHARLOTTE, NORTH CAROLINA. THE CHIEF SECRETARY OF
ANDHRA PRADESH VISITED THE U.S. THIS FALL AND HAD A
BRIEF LOOK AT THE MIDREX PLANT IN OREGON (SEE REFTELS).
APIDC TECHNICIANS WOULD ALSO LIKE TO OBSERVE THE
MIDREX PROCESS AS USED IN SPONGE IRON PLANTS AT:
1) SIDBEC DOSCO, MONTREAL, CANADA; 2) GEORGETOWN STEEL,
CHARLESTON, SOUTH CAROLINA; AND 3)
HAMBURG STEEL, HAMBURG, GERMANY. THEY HAVE
WRITTEN BOTH MIDREX IN NORTH CAROLINA AND THEIR
AGENT, MISUI AND COMPANY LIMITED IN TOKYO, JAPAN,
BUT HAVE NOT AS YET RECEIVED ANY POSITIVE RESPONSE.
THEY HAVE ASKED OUR ASSISTANCE IN FINDING OUT
FROM THE MIDREX CORPORATION WHETHER OR NOT THEY
CAN GET PERMISSION TO VISIT THESE PLANTS.

4. IN ADDITION TO THE ABOVE, APIDC OFFICIALS APPEAR TO
HAVE OBTAINED CLEARANCE TO VISIT A SPONGE IRON
PLANT IN MEXICO WHICH USES THE HYL PROCESS
DEVELOPED BY SWINDLE DRESSLER OF BRIDGEPORT, CONNECTICUT,
AND ANOTHER PLANT IN HOUSTON, TEXAS WHICH USES A
PROCESS DEVELOPED BY ARMCO STEEL. THEY WILL ALSO
VISIT PLANTS USING A COAL BASED ROTARY KILN PROCESS
DEVELOPED BY THE LURGI GROUP AND DRUPPS OF WEST
GERMANY IN, RESPECTIVELY, NEW ZEALAND AND BRAZIL.

5. UNFORTUNATELY FOR U.S. INTERESTS, ANDHRA PRADESH
IS VIRTUALLY CERTAIN TO USE ONE OF THE WEST GERMAN
COAL BASED PROCESSES RATHER THAN ANY OF THE U.S.
PROCESSES WHICH ARE ALL BASED ON NATURAL GAS.
ANDHRA PRADESH HAS SUBSTANTIAL RESERVES OF COAL,
NO NATURAL GAS, AND THE ALTERNATIVE OF GASIFYING
COAL FIRST WILL BE PROHIBITIVELY EXPENSIVE. NEVER-
THELESS, APIDC OFFICIALS ARE AWARE THAT THE GERMAN
COAL BASED PLANTS HAVE RUN INTO PROBLEMS AND HAVE
OCCASIONALLY HAD TO SHUT DOWN BECAUSE IMPRECISE
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TEMPERATURE CONTROLS HAVE CAUSED COAL TO FUSE INSIDE
A KILN. LURGI, WHICH IS REPRESENTED IN NEW DELHI,
HAS BEEN IN CONSTANT TOUCH WITH THE APIDC AND SAYS
THE PROBLEMS HAVE NOW BEEN SOLVED. HOWEVER,
APIDC OFFICIALS SAY THEY HAVE NOT COMPLETELY GIVEN
UP THE IDEA OF CONSIDERING GASIFICATION OF THEIR
COAL IN ORDER TO USE ONE OF THE NATURAL GAS PROCESSES,
AND BOTH ARMCO AND MIDREX ARE WORKING ON THE

SPECIFIC LINKAGE BETWEEN COAL GASIFICATION AND
SPONGE IRON MANUFACTURE. BECAUSE OF THE LIMITED
PROSPECTS FOR U.S. FIRMS, WE DON'T THINK THAT
USDOC SHOULD MAKE ANY SPECIAL EFFORTS TO PERSUADE
U.S. STEEL TO CHANGE ITS MIND ABOUT LETTING THE
APIDC VISIT ITS VENEZUELAN PLANT. ON THE OTHER
HAND, SUCH ASSISTANCE AS USDOC MAY BE ABLE TO
RENDER IN GETTING A CLEAR YES OR NO RESPONSE FROM
MIDREX MAY PROVE USEFUL IN KEEPING OUR HAND IN A
SITUATION WHICH IS NOT YET JELLED COMPLETELY. WE
WOULD THEREFORE APPRECIATE IT IF USDOC WOULD
ROUTINELY CONTACT THE COMPANIES REFERRED TO IN
PARAGRAPHS 2, 3, AND 4 AND LET US KNOW THEIR
RESPONSE TO APIDC'S REQUESTS.
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